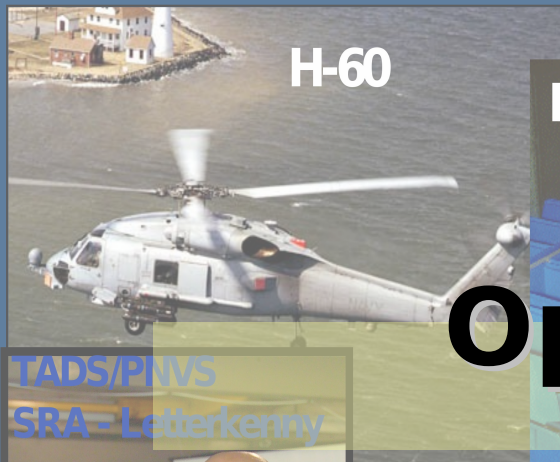




Optimizing Parts Management



14 March
2007

Our History



- **MIL-SPEC / MIL-STD**
- **Acquisition reform**
- **Controlled chaos**
- **Enlightened despot?**

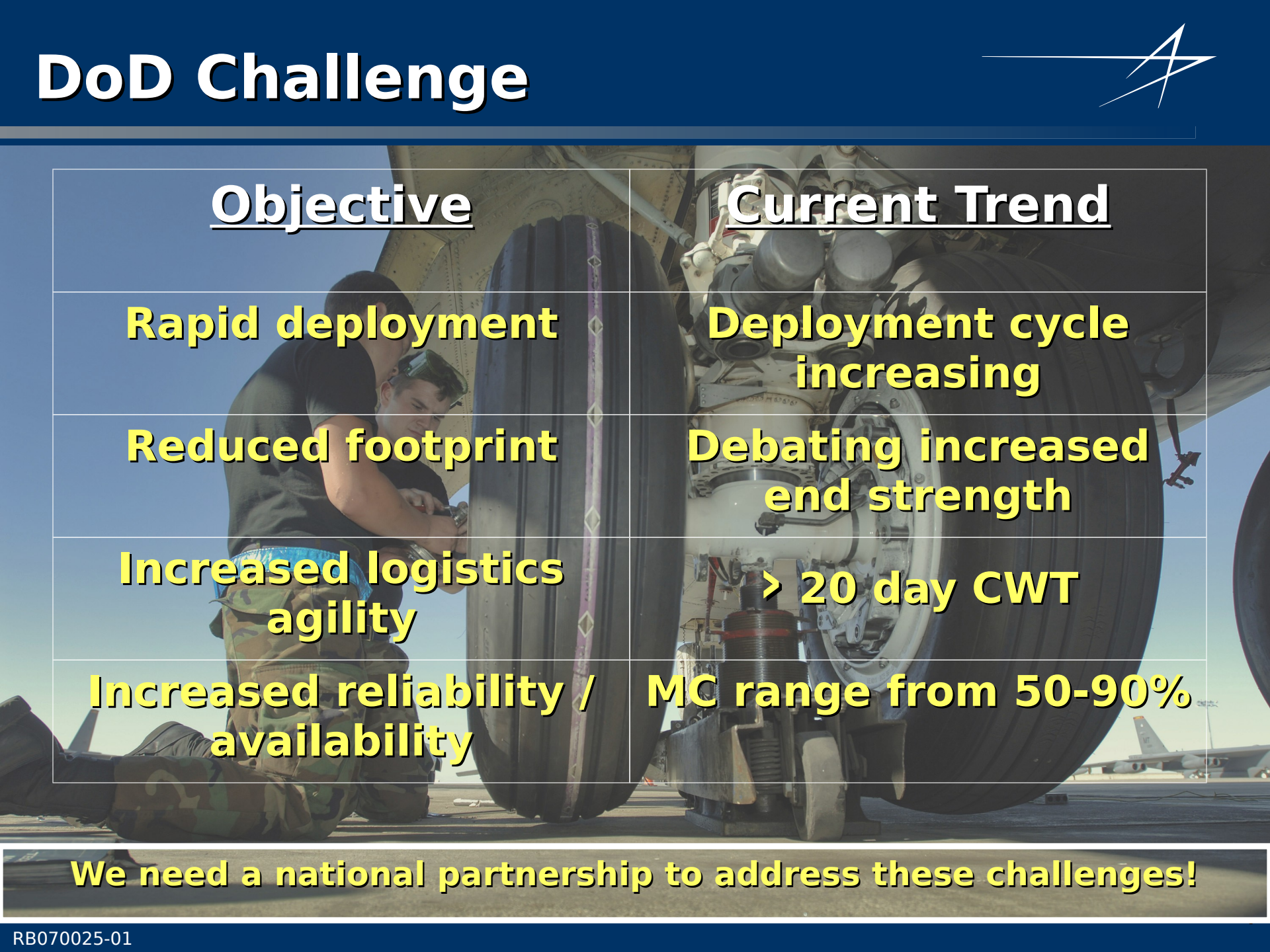


Areas of Impact on Industry



- **Engineering Areas Impacted by COTS**
 - **Systems, Software, Electrical, Mechanical, and Project Engineering Management**
- **Critical Engineering Areas**
 - **Parts Management**
 - **Obsolescence Risk Management**
 - **Technology Refresh Prediction**
 - **Technology Insertion Roadmapping**
 - **Tools & Services Evaluation**

DoD Challenge



<u>Objective</u>	<u>Current Trend</u>
Rapid deployment	Deployment cycle increasing
Reduced footprint	Debating increased end strength
Increased logistics agility	> 20 day CWT
Increased reliability / availability	MC range from 50-90%

We need a national partnership to address these challenges!

Where Are We?



- **5.2M+ stock numbers**
- **\$70B+ secondary inventory**
- **6,000+ contractors in theater**

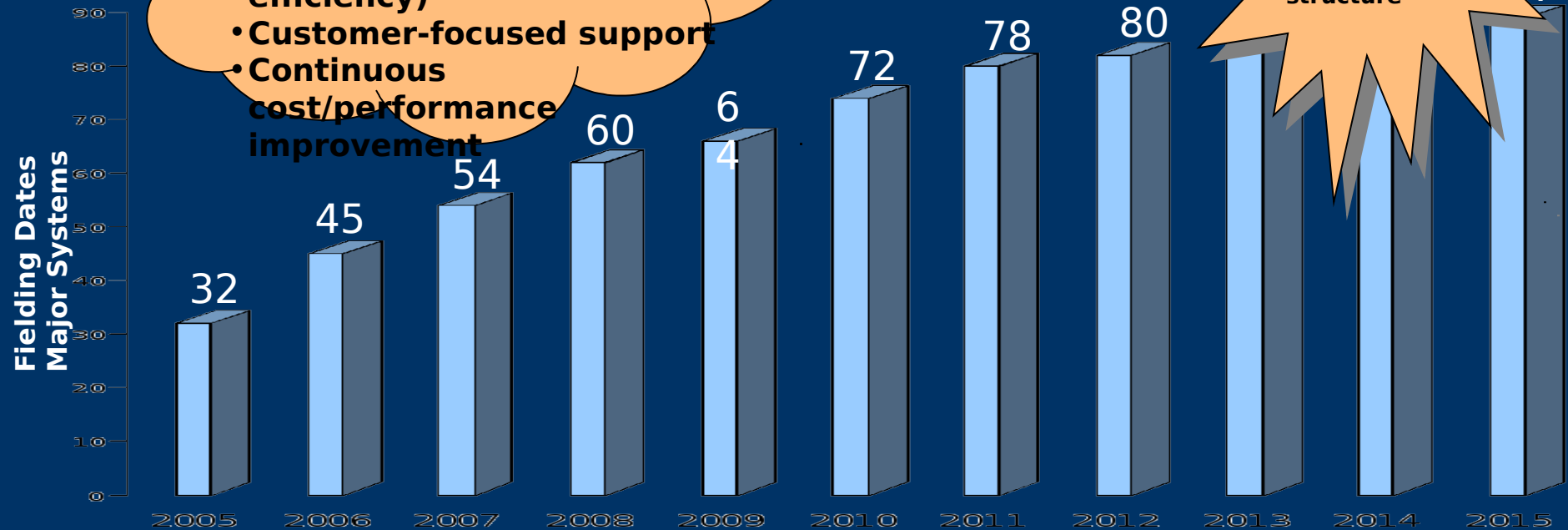
A green M777 artillery truck is shown firing a large shell. The shell is angled upwards and is surrounded by a large, bright orange and yellow fireball at its base. The background is a clear blue sky with some light clouds.

**Effective parts management is
key to achieving DoD logistics
goals**

Where We Are

- PM accountable for life cycle
- Early emphasis on demand reduction (reliability/fuel efficiency)
- Customer-focused support
- Continuous cost/performance improvement

Leading to a bi-polar support structure



- TLCSM implemented as a go-forward strategy
- Does not explicitly address fielded legacy systems
- Consideration of legacy system varies across Service
- Legacy improvement does not compete well in resource process

QDR: Application of TLCSM principles to fielded systems (where appropriate).

Where We Are Going: Performance Driven Outcomes

Based on
Results

ASSURED CAPABILITY

Material and non-material capabilities

integrated across the enterprise to accomplish DoD mission

Empowered

CLEAR OWNERSHIP

Life cycle accountability / responsibility

Linked

FULLY-ALIGNED FRAMEWORK

Recognition of internal and external shareholders

Stakeholder expectations established by formal agreements

Resources linked to metric-based outcomes

Optimized

BEST PROCESSES & TOOLS

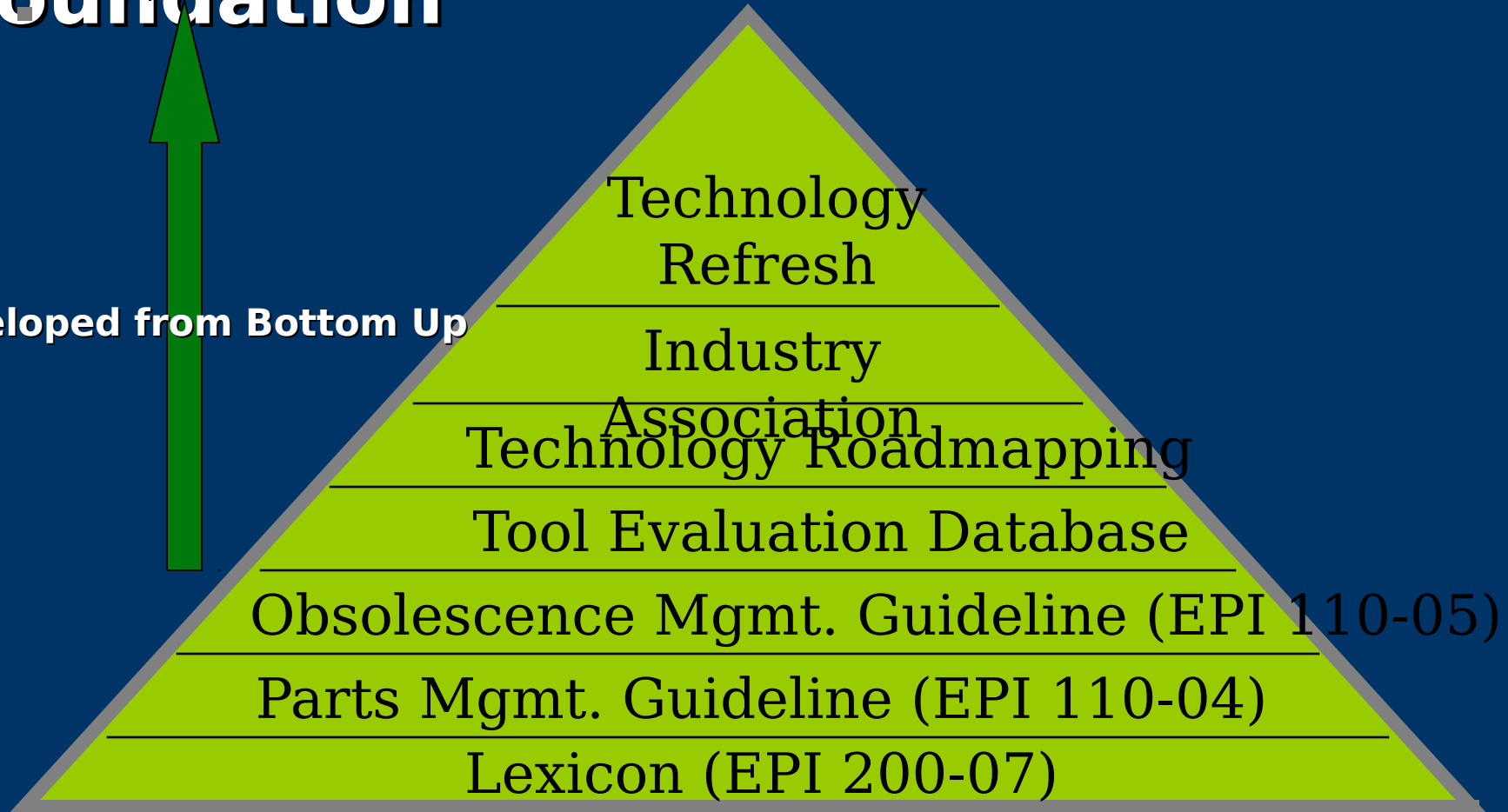
Use the most efficient means to optimize
processes and minimize life cycle cost

PDO is a metric-based, enterprise-wide strategy that achieves planned outcomes by establishing authority, assigning responsibilities and applying optimized processes and resources



Lockheed Martin Process Foundation

Developed from Bottom Up



**LM proactively managing through
systems engineering process**

Next Steps: Industry View



- **Integrate UID / NSN via DLIS**
 - **Provide product information via web-based service**
- **Establish voluntary industry parts management consortium**
 - **Perhaps via industry association**
- **Codify DoD parts management process**
 - **Via 5000 series**

Providing Customer Satisfaction

- **Managing the Critical Engineering Areas for Success**
 - **Makes systems affordably and supportable**
 - **Provides cost savings through best decision making from concept through sustainment to disposal**
 - **Provides systems with higher standards, performance, reliability, and effectiveness**
 - **Mitigates risks of obsolescence related to the utilization of commercial technologies**
 - **Reduces the DoD logistic footprint to the warfighter**

Words of Wisdom



“The dogmas of the quiet past are inadequate to the stormy present. . . As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and